

City Council

FY 2020-21 Preliminary Budget Study Session

January 28, 2020

City of Milpitas

455 E. Calaveras Blvd., Milpitas, CA 95035
www.ci.milpitas.ca.gov • (408)-586-3000

Study Session Objectives

- Update on the City's Fiscal Outlook
 - Preliminary FY 2021-30 Ten-Year General Fund Financial Forecast
- Seek feedback from the Council and the Public to inform the FY 20-21 Budget development
 - Community Engagement Plan
 - Council Priority Areas
 - Fiscal Policies Review



Agenda

- Fiscal Outlook
 - State Auditor – Fiscal Analysis
 - FY 2021-2030 Ten-Year General Fund Financial Forecast
- Community Engagement and Budget Development
 - Initial community feedback
- Major accomplishments, workplans, and operational constraints
- Council Priority Areas Review
- Fiscal Policies Review
 - Enterprise Funds Reserve Policies
 - Vacancy Savings



A photograph of a modern, curved building with a large glass facade and a fountain in the foreground. The building has a curved, modern design with a large glass facade on the right side. The foreground features a fountain with several water jets. The overall scene is captured in a warm, golden-hour light.

FISCAL OUTLOOK

Agenda – Fiscal Outlook

- California State Auditor – Fiscal Analysis
- Looking back ten years
- General Fund Reserves
- FY 2021-2030 Ten-Year General Fund Financial Forecast

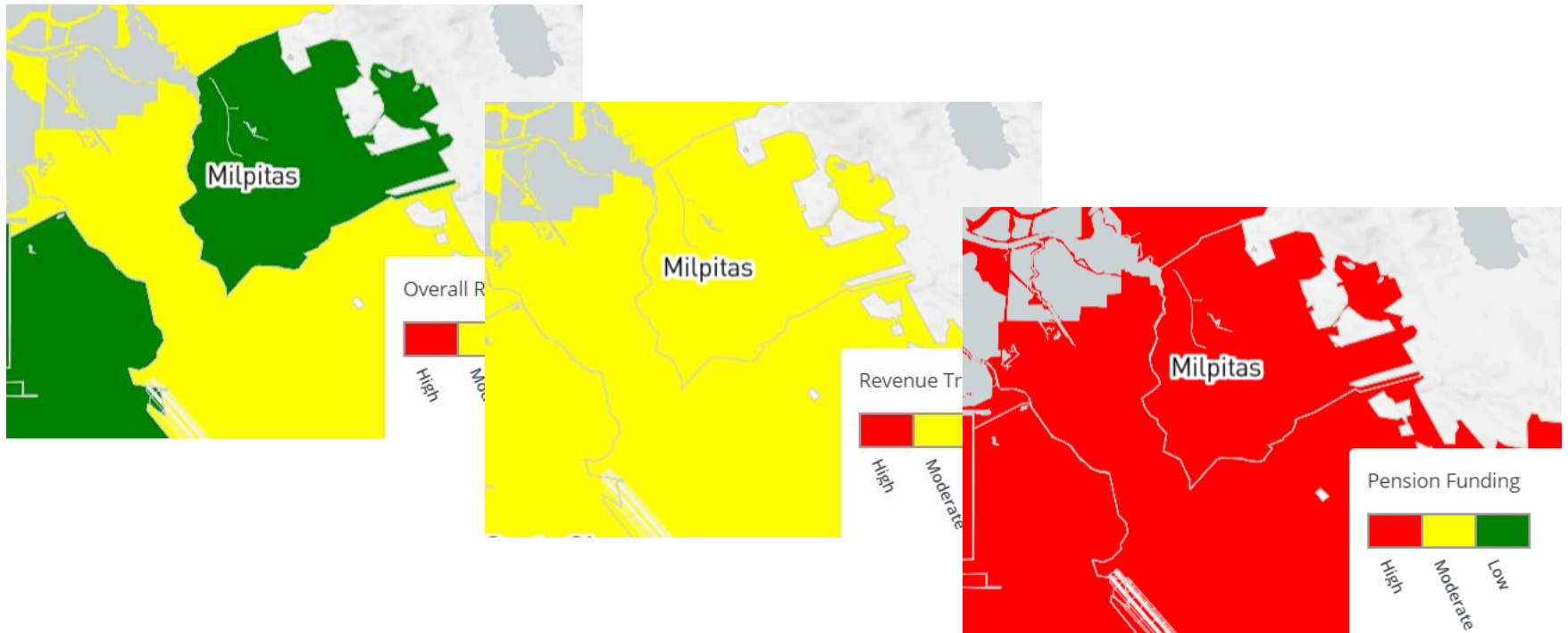


State Auditor – Fiscal Analysis

- Local Government High-Risk Dashboard ranking of 471 California cities from highest to lowest risk of fiscal distress
- Set of 10 indicators to assess each city's ability to pay its bills in both the short and long term
 - cash position or liquidity, debt burden, financial reserves, revenue trends, and ability to pay for employee retirement benefits
- Data from cities audited and publicly available financial statements and from pension-related information obtained from (CalPERS, California State Controller's Office)
 - FY 2017 financial data



State Auditor – Fiscal Analysis

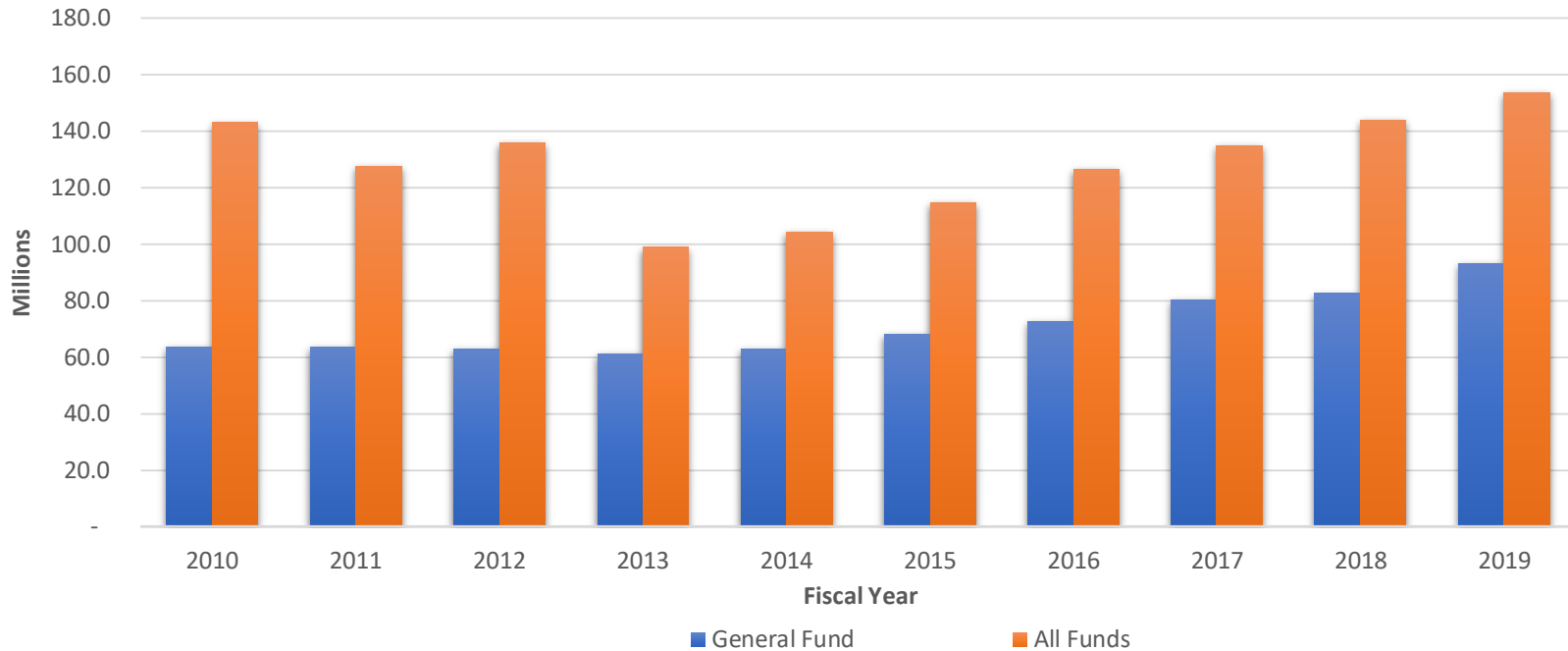


Looking back 10 Years

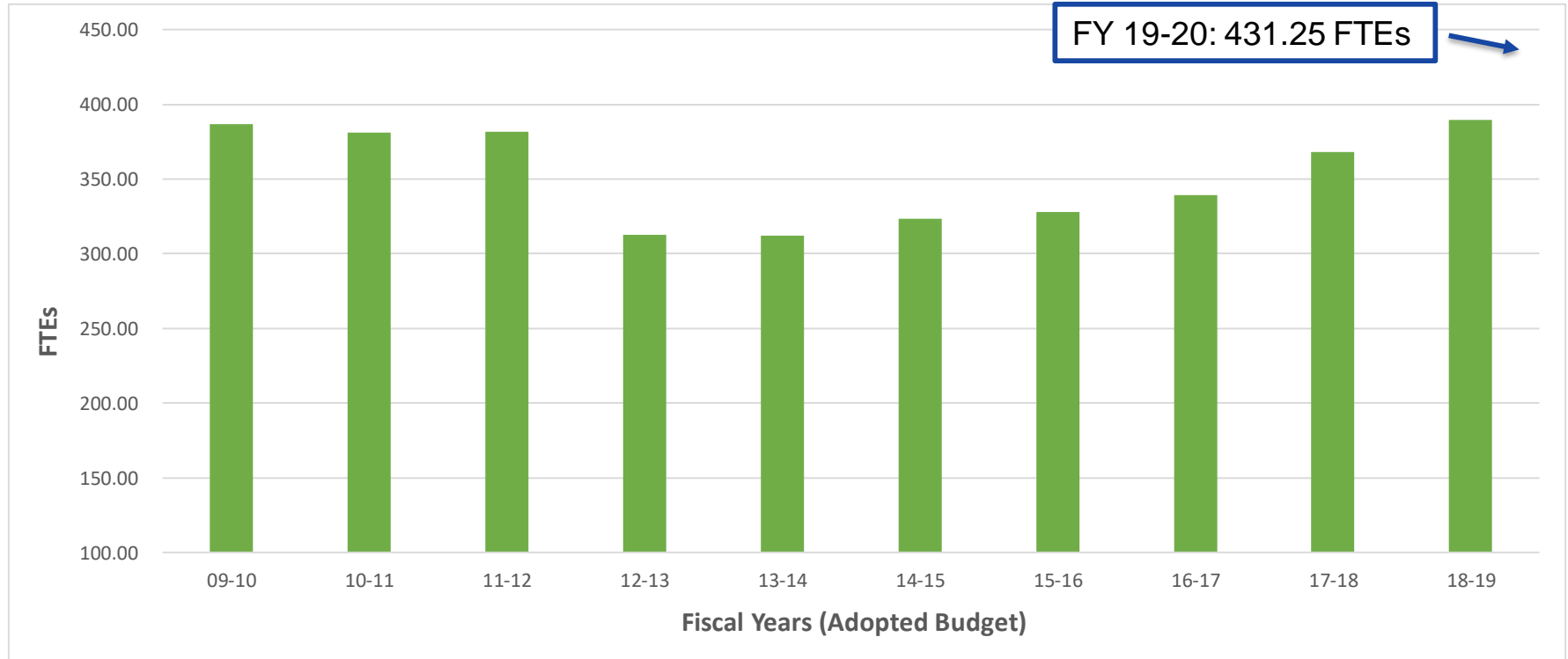
- All Funds and General Fund expenditures
- Budgeted positions (FTEs)
- Average cost for sworn and non-sworn employee
- Pension costs
- Major Tax revenues



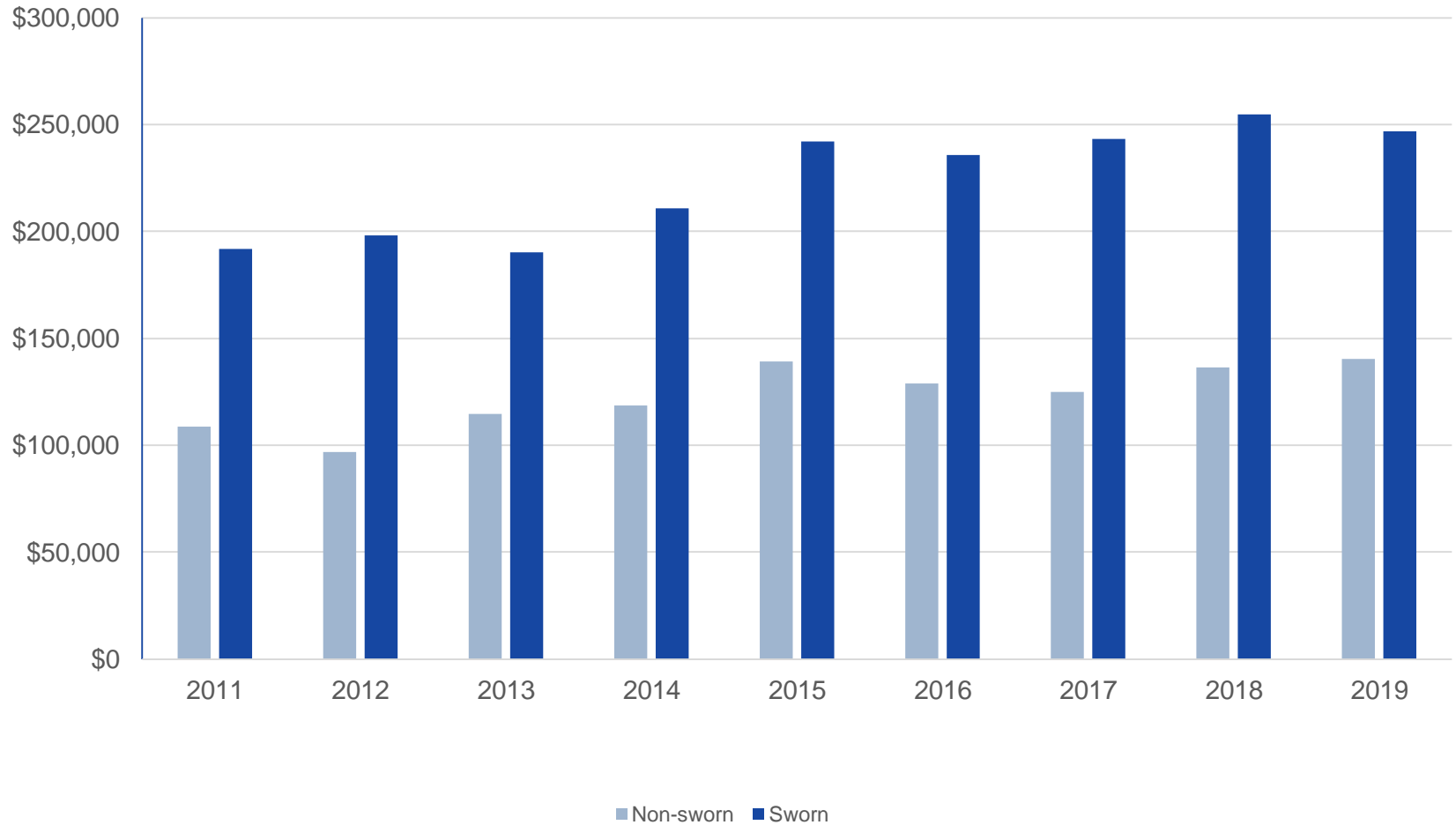
All Funds & General Fund Expenditures



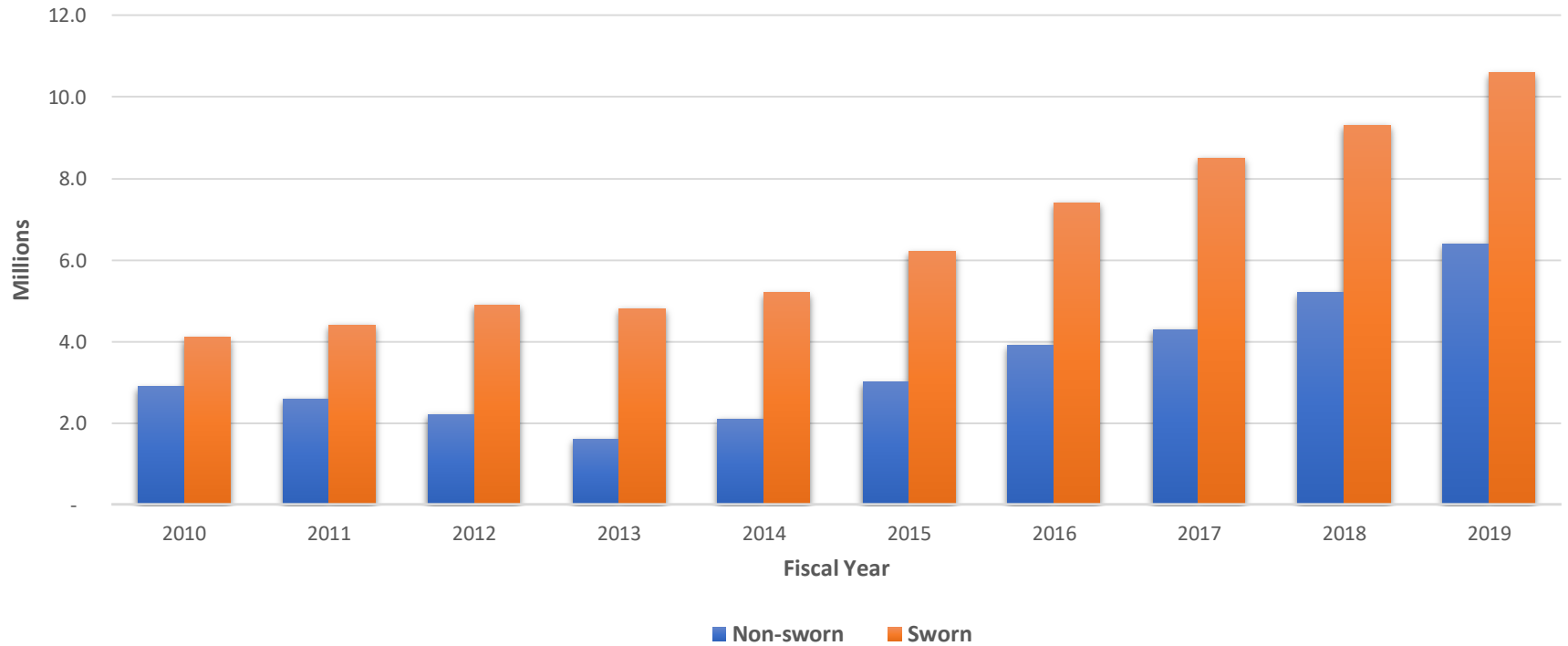
Budgeted Positions (FTEs)



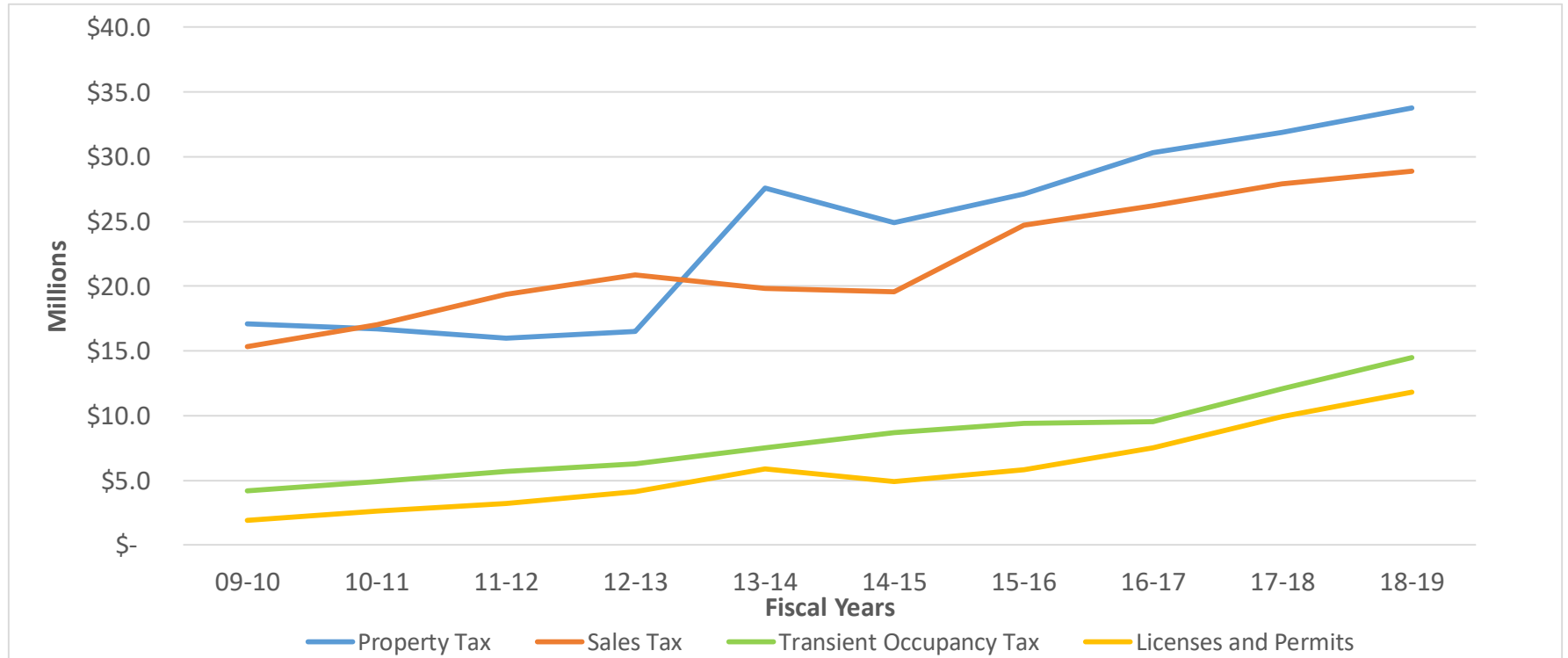
Average Cost for Sworn and Non-sworn Employee



Pension Costs



Major General Fund Revenues



General Fund Reserves (6/30/2019)

<i>General Fund Unassigned Reserves (in millions)</i>	
Budget Stabilization Fund	\$9.50
Contingency Reserve	\$20.30
Unassigned	\$10.90
Total Unassigned Reserve	\$40.70
<i>General Fund Committed Reserves (in millions)</i>	
Technology Replacement Reserve	\$2.00
Facilities Replacement Fund	\$7.00
Artificial Turf	\$1.00
PERS Stabilization	\$33.90
Total Committed Reserve	\$43.90
<i>Total General Fund Reserves (in millions)</i>	
Total Unassigned and Committed Reserves	\$84.60
Non-Spendable and Assigned Reserves	\$16.10
Total General Fund Reserves	\$100.70



A photograph of a modern, curved building with large glass windows and a fountain in the foreground. The building has a curved facade with large glass windows and a balcony. The fountain in the foreground has several jets of water. The text is overlaid on a semi-transparent white box in the center of the image.

Preliminary Fiscal Year 2021-30 Ten-Year General Fund Forecast

Prel. Forecast – FY 2021 - 2025

	Preliminary Base Budget FY 20-21	Forecast FY 21-22	Forecast FY 22-23	Forecast FY 23-24	Forecast FY 24-25
Total Sources	\$ 123,529,318	\$ 127,871,488	\$ 132,639,675	\$ 137,220,493	\$141,258,666
Total Uses	\$ 122,276,071	\$ 128,136,298	\$ 132,093,831	\$ 137,312,794	\$143,054,073
Net Operating Results	\$ 1,253,247	\$ (264,810)	\$ 545,844	\$ (92,301)	\$ (1,795,407)
Net Operating Margin		\$ (264,810)	\$ 545,844	\$ (92,301)	\$ (1,703,106)

Net Operating Results: Annual surplus or deficit

Net Operating Margin: Year over Year surplus or deficits assuming that ongoing deficits will be resolved with ongoing solutions (e.g.: increased revenue or decreased expenditures)



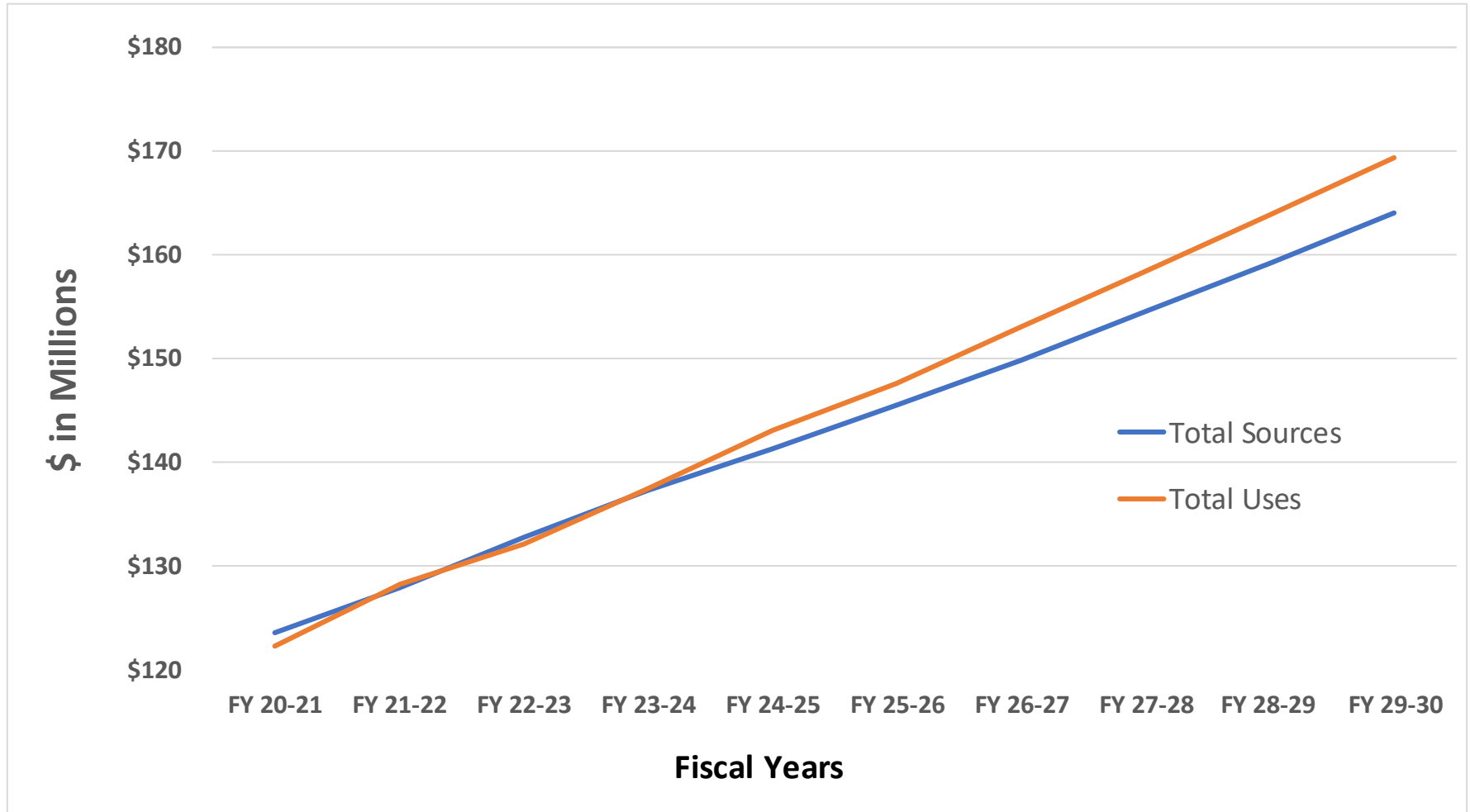
Prel. Forecast – FY 2026 - 2030

	Forecast FY 25-26	Forecast FY 26-27	Forecast FY 27-28	Forecast FY 28-29	Forecast FY 29-30
Total Sources	\$ 145,444,722	\$ 149,876,102	\$ 154,451,834	\$ 159,170,438	\$ 164,036,569
Total Uses	\$ 147,627,262	\$ 153,053,751	\$ 158,313,337	\$ 163,841,284	\$ 169,299,785
Net Operating Results	\$ (2,182,540)	\$ (3,177,649)	\$ (3,861,503)	\$ (4,670,846)	\$ (5,263,216)
Net Operating Margin	\$ (387,133)	\$ (995,109)	\$ (683,854)	\$ (809,343)	\$ (592,370)

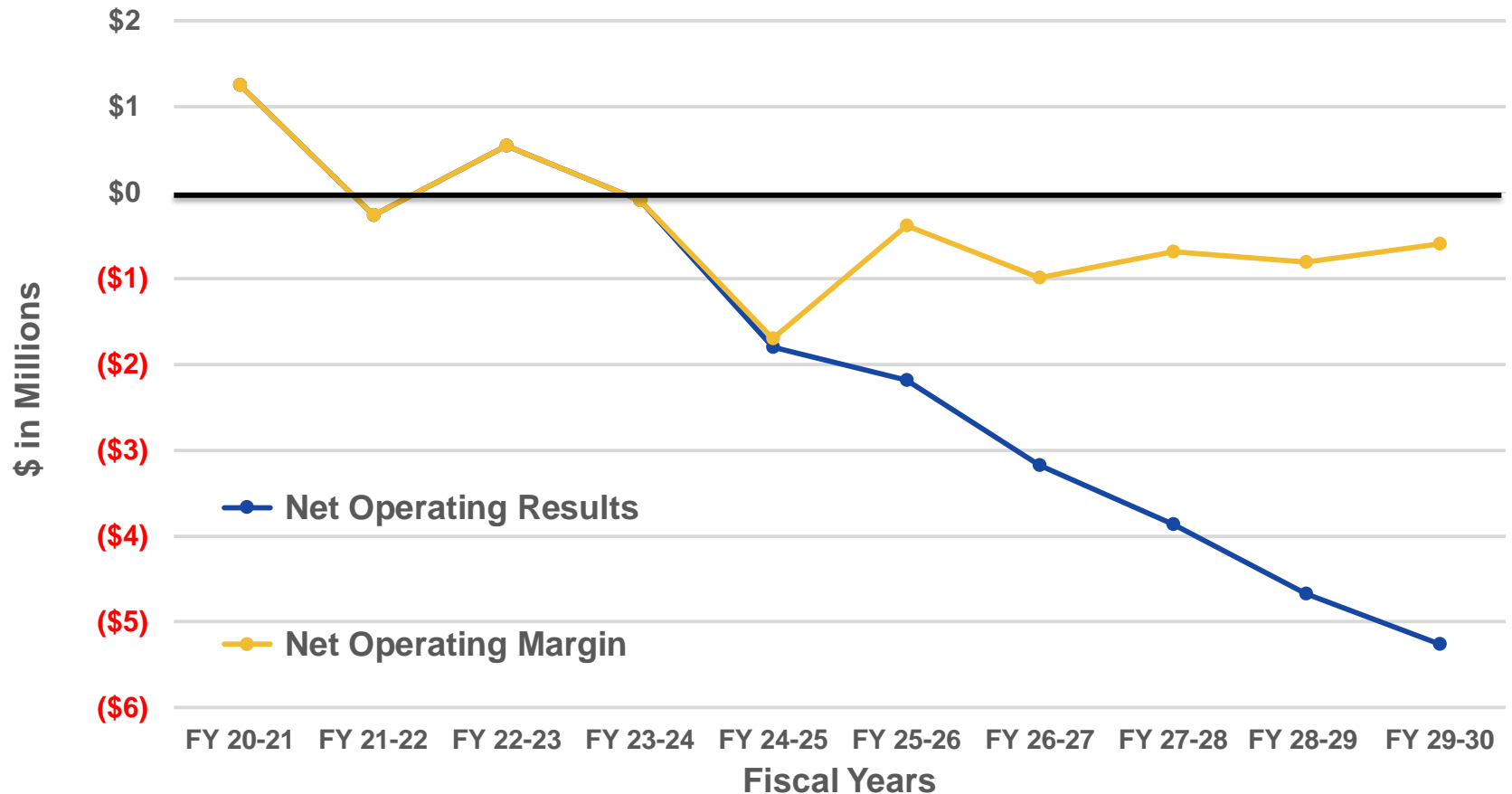
Ongoing deficit between \$387,000 and \$995,000



Expenditures Outpace Revenues



Fiscal Discipline Required



Potential Impacts Not Included

- Funding for aging or new infrastructure (e.g.: performing arts center, public safety buildings, storm drain system, parks master plan)
- Operational impact of upcoming infrastructure projects
- Operational impact related to the Milpitas Transit Center/BART Station
- Labor negotiations
- Pension and Retiree Healthcare cost increases not included in the projections provided by the City's actuaries
- Changes in the local, State, and national economy



Recession Scenario

	Preliminary Base Budget FY 20-21	Forecast FY 21-22	Forecast FY 22-23	Forecast FY 23-24	Forecast FY 24-25
Total Sources	\$ 123,529,318	\$ 124,331,085	\$ 125,483,402	\$ 129,369,052	\$ 134,668,130
Total Uses	\$ 122,276,071	\$ 128,136,298	\$ 132,093,831	\$ 137,312,794	\$ 143,054,073
Net Operating Results	\$ 1,253,247	\$ (3,805,213)	\$ (6,610,429)	\$ (7,943,742)	\$ (8,385,943)
Net Operating Margin		\$ (3,805,213)	\$ (2,805,216)	\$ (1,333,313)	\$ (442,201)

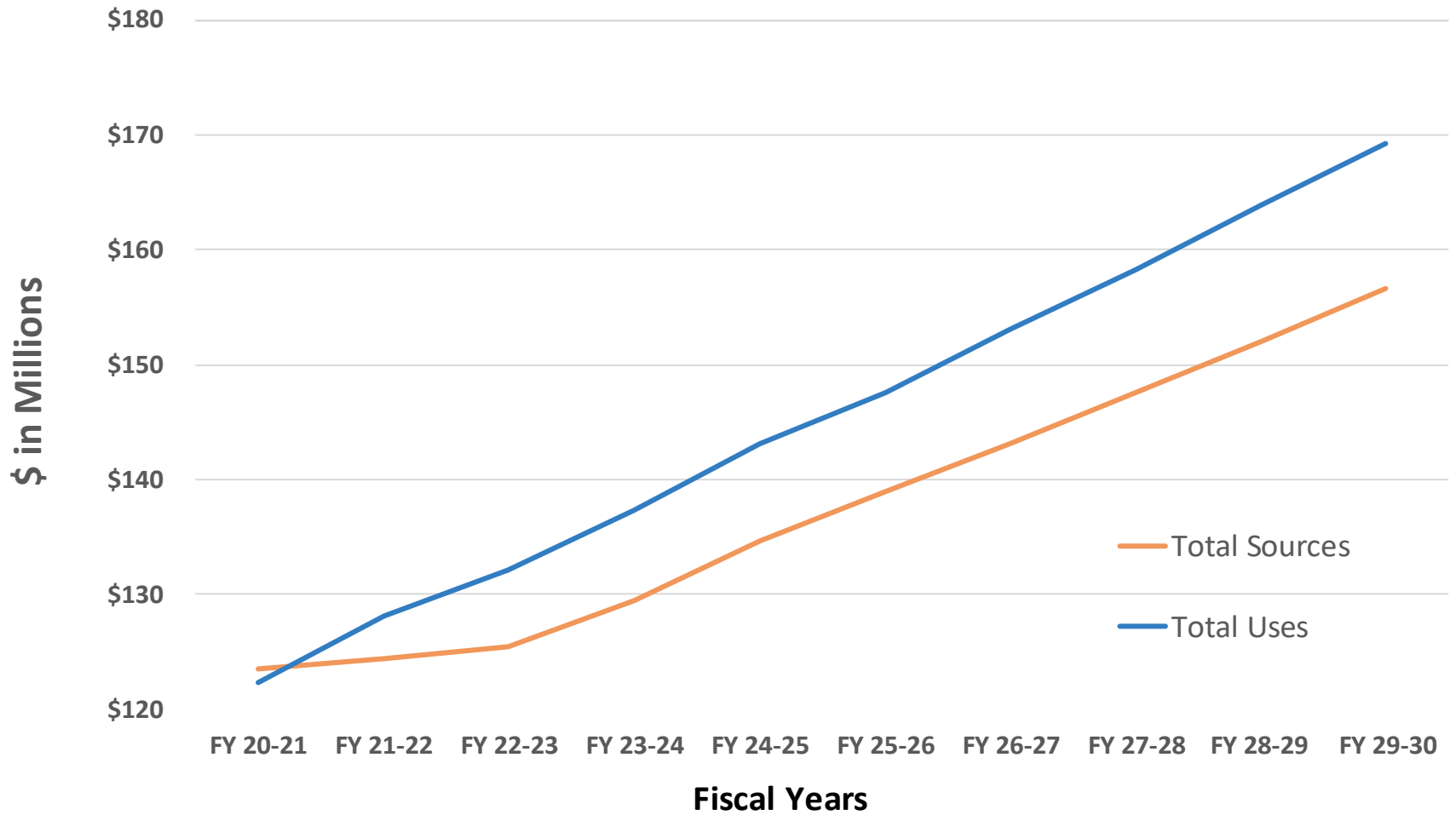


Recession Scenario

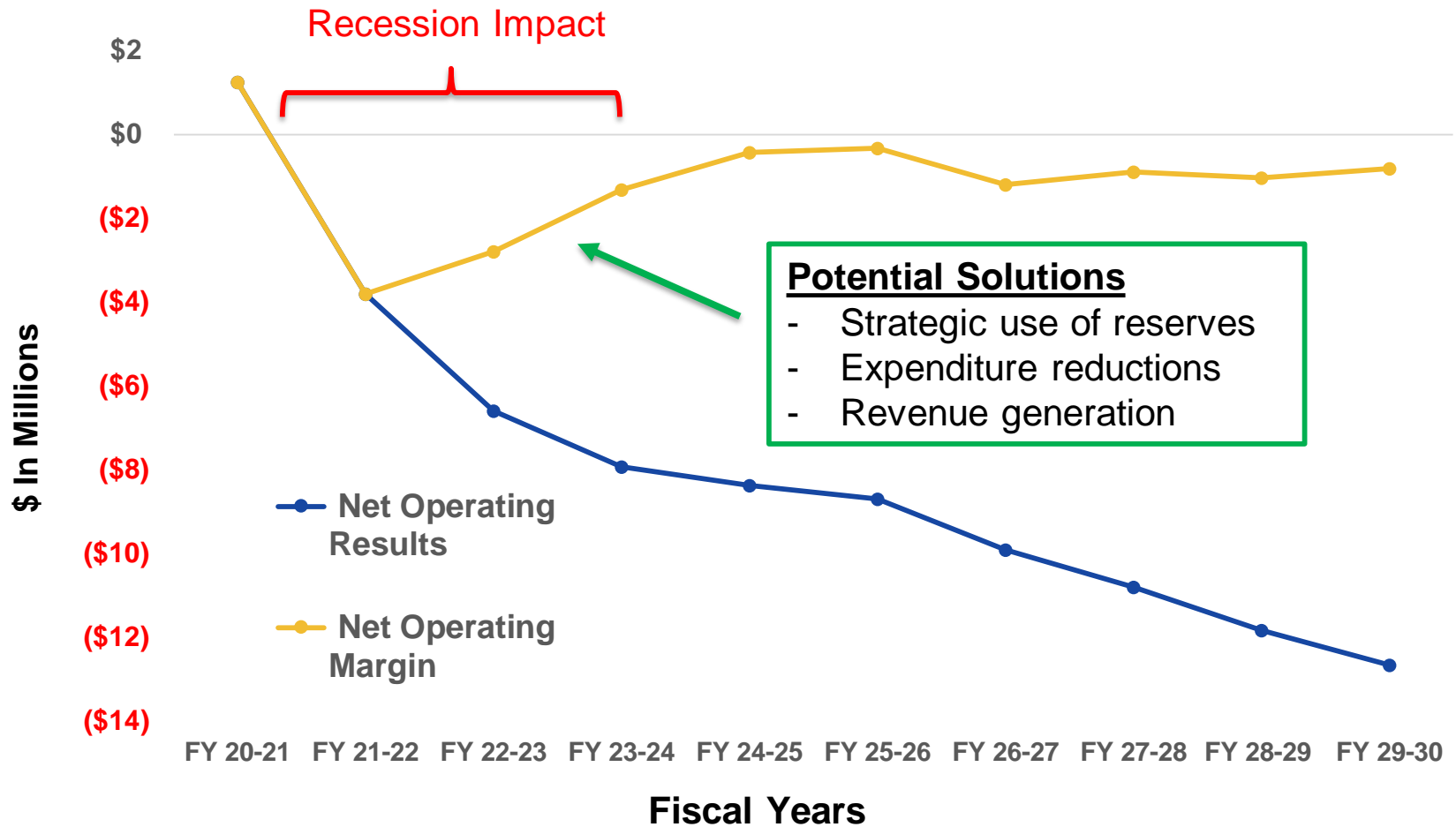
	Forecast FY 25-26	Forecast FY 26-27	Forecast FY 27-28	Forecast FY 28-29	Forecast FY 29-30
Total Sources	\$ 138,915,766	\$ 143,136,031	\$ 147,493,614	\$ 151,986,787	\$ 156,619,963
Total Uses	\$ 147,627,262	\$ 153,053,751	\$ 158,313,337	\$ 163,841,284	\$ 169,299,785
Net Operating Results	\$ (8,711,496)	\$ (9,917,720)	\$ (10,819,723)	\$ (11,854,497)	\$ (12,679,822)
Net Operating Margin	\$ (325,553)	\$ (1,206,224)	\$ (902,003)	\$ (1,034,774)	\$ (825,325)



Recession Scenario



Recession Scenario



A photograph of a modern, curved building with a large glass facade and a fountain in the foreground. The building has a curved, multi-story structure with a mix of light-colored panels and large glass windows. The fountain in the foreground has several jets of water spraying upwards. The scene is captured during the day, with some trees visible on the left side.

BUDGET CALENDAR AND BUDGET DEVELOPMENT

Budget Calendar

Date	Milestone
January 2020	Statistically-valid Community Survey; Employee Survey
January through April 2020	Open Town Hall Budget Survey
January 28, 2020	Preliminary Budget Study Session
March and April 2020	Two to three Community Engagement Meetings
March 24, 2020	Capital Improvement Program Study Session
April 14, 2020	Master Fee Schedule Study Session
May 5, 2020	Master Fee Schedule Adoption
May 12, 2020	Operating Budget Study Session
June 2, 2020	Public Hearing and Budget Adoption



Budget Development

- Base Budget
 - FY 2019-20 Council Approved Service Levels
 - Personnel Costs
 - Non-personnel costs
 - Review of expenditure history
 - Supplies and Contractual Services
- Proposed Budget
 - Changes to Council Approved Service Levels
 - Most position changes
 - New vehicles and equipment



Budget System Implementation

- FY 2019-20
 - Operating Budget development
 - Ten-Year General Fund Forecast
 - Publication of the operating budget document
 - Labor Cost Modeling
 - Performance Measures
 - Integration with the City's Financial Management System
 - Reporting
- FY 2020-21
 - Transparency tool
 - Story Board
 - Capital Budget development



Budget Document Changes

- Clear delineation of Base Budget adjustments vs. Budget Proposals
- Alignment of Budget Proposals to Council Priority Areas
- Department Sections
 - Tables
 - Year over Year Budget reconciliation
 - Detailed budget proposals including impact on performance measures
- Budget Document Redesign



A photograph of a modern, curved building at night. The building features a large glass facade on the right side, reflecting the interior lights. The foreground shows a paved area with several water fountains spraying upwards. The sky is dark, and the building's lights are on, creating a warm glow.

COUNCIL PRIORITIES REVIEW

Council Priority Areas



Public Safety

Continue to invest in police and fire protection, in partnership with our community.



Environment

Promote a sustainable community and protect the natural environment.



Transportation and Transit

Continue to seek and develop collaborative solutions to meet the transportation challenges facing our community and our region.



Economic Development and Job Growth

Continue to strengthen our economic foundations that support community prosperity and opportunity while ensuring a sustainable and livable city.



Council Priority Areas



Neighborhoods and Housing

Continue to explore innovative approaches to incentivize affordable housing projects, collaborate with key stakeholders to care for our most vulnerable populations, and support and engage neighborhoods through dedicated programs and services.



Community Wellness and Open Space

Continue to provide parks and amenities for people of all ages and abilities to enjoy higher levels of physical and mental health.



Governance and Administration

Continue to streamline processes for enhanced service and remain committed to long-term fiscal discipline and financial stewardship.



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COMMUNITY ENGAGEMENT

Community Engagement

- Surveys
 - Open Town Hall survey
 - Statistically valid Community survey
 - Employee survey
- Community budget meetings
 - Two to three sessions
- Multiple Budget Study Sessions
- Public Hearing – Adoption of the Budget



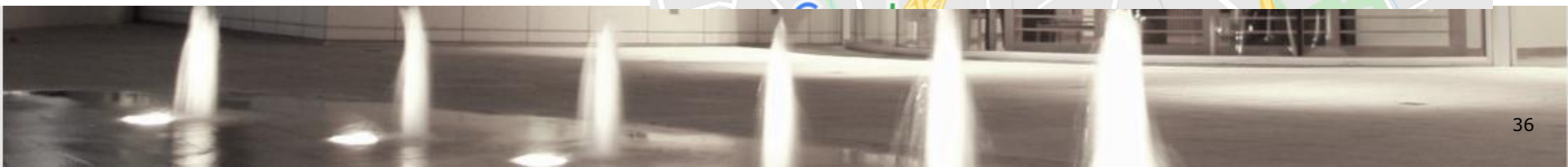
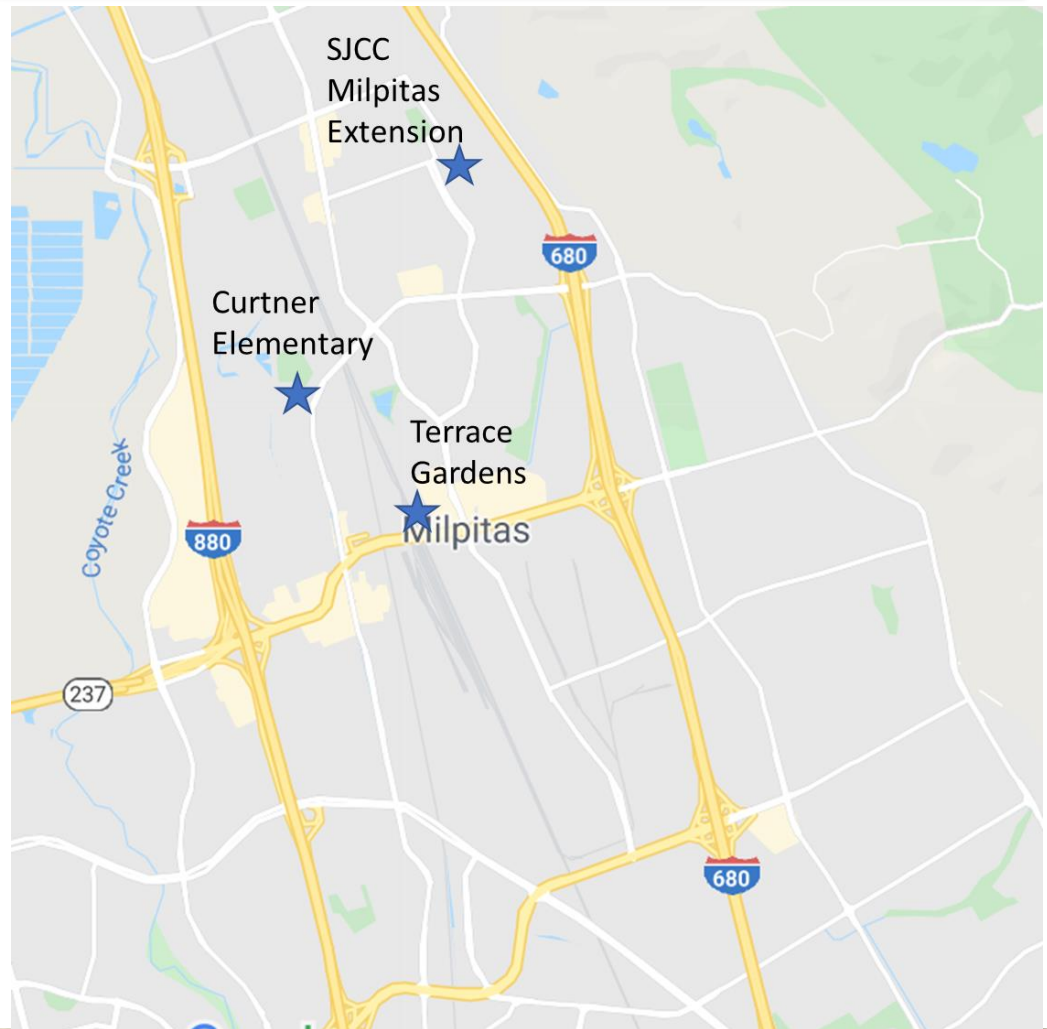
Community Engagement

- Engagement Tools
 - Dedicated website at www.ci.Milpitas.ca.gov/budget
 - Social media channels (Facebook, NextDoor, Twitter)
 - Meeting broadcasts (YouTube, Facebook, Local government access, Channel 15)
- Surveys
 - Open Town Hall
 - Community Survey
 - Employee Survey



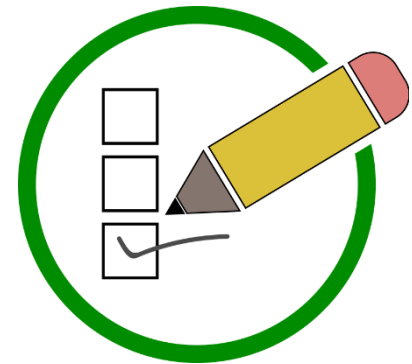
Budget Meetings

- Community Meetings
 - Curtner Elementary School
 - SJCC Milpitas Extension
 - Terrace Gardens
- Budget Study Sessions
- Public Hearings



Community Survey

- Contracted with FM3 Research – Opinion, Research and Strategy
- Dual-mode – both online and via telephone
- Margin of Sampling Error less than 5%
- Telephone interviews conducted in multiple languages



Preliminary Community Survey Results

- Online and telephone surveys are underway scheduled to be concluded by the end of January
- Maintaining infrastructure for streets, parks and utilities, Public Safety, and the Environment are top three priorities
- Almost half of the people surveyed say the City is growing too quickly – about 13 percent say it's too slow
- Good ratings for customer service among those who have contacted the City recently
- A more detailed presentation on the survey results will be made to Council on March 3, 2020



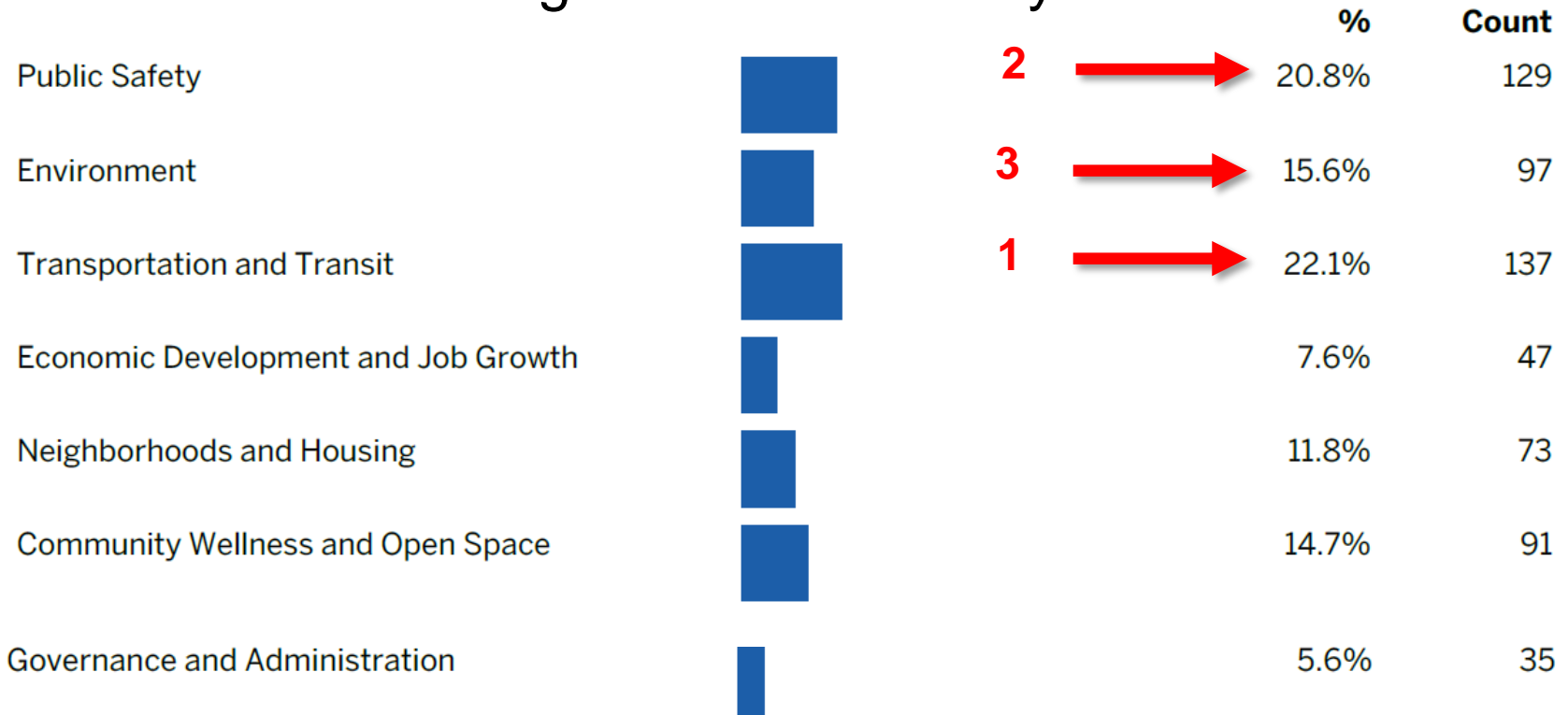
Preliminary Open Townhall Survey

- Launched on January 18, 2020
- Preliminary Survey results as of January 22nd
- 62 responses
- Asked participants to allocate \$1 million in increments of \$100,000 to Council Priority Areas



Preliminary Results

Allocation of Funding to Council Priority Areas



Townhall Survey Comments by Council Priority Areas



Public Safety

Keep City Safe

Invest in Public Safety

Control Spending on Public Safety Salaries
and Equipment

More Traffic Light Enforcement



Environment

Environment



Townhall Survey Comments by Council Priority Areas



Transportation and Transit

Build Advanced Transit System Around BART

Traffic is Terrible

Improve Housing and Transportation

Widen 237 between Milpitas Blvd and Abel

Repaint Faded Lane Markings on Roads

Improve Sidewalks in Park Town Area

Allow More Time for Pedestrian Crosswalks



Townhall Survey Comments by Council Priority Areas



Economic Development and Job Growth

Focus on Economic Development

Revisit Allowing Cannabis

No More Housing than Jobs

Get Rid of Railroads Dividing City

Milpitas is overgrown with big business

Taxes on Vacant Homes or Homes Primarily
Used for Airbnb



Townhall Survey Comments by Council Priority Areas



Neighborhoods and Housing

Preserve Single Family Neighborhoods
Improve Housing and Transportation
Rent Control
Listen to All Neighborhoods and Not Just Hillview



Community Wellness and Open Space

Lighting at Sports Center on Little League/Soccer Fields
Support Senior Programs
Fine Arts – Music & Theater
Need More Grounds and Parks



Townhall Survey Additional Comments

- We Already Pay Enough Taxes
- New High School



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MAJOR ACCOMPLISHMENTS, WORKPLANS AND OPERATIONAL CONSTRAINTS

City Service Areas (CSA)

Public Safety – Steve McHarris

- Fire Department (Operations)
- Police Department

Community Services and Sustainable Infrastructure – Ashwini Kantak

- Engineering (CIP)
- Recreation and Community Services
- Public Works

Community Development – Steve McHarris

- Building Safety and Housing
- Fire (Prevention)
- Economic Development
- Planning
- Engineering (Land Development)

Leadership and Support Services – Ashwini Kantak

- City Manager
- Human Resources
- City Clerk
- Information Services
- Finance





Public Safety

Major Accomplishments FY 2019-20

- Police average response time to in-progress emergency calls was 2 minutes 38 seconds (calendar year 2019).
- Reduced commercial burglaries by 27% and automobile theft by 19% (calendar year 2019)
- Implemented RapidSOS software to locate 911 cellphone callers
- Participated in 108 community outreach events with over 7,500 attendees
- Completed Police Department organizational assessment and Evidence Room Audit
- Implemented the Community Service Officer classification
- 93% of staff trained in Principled Policing



Major Accomplishments FY 2019-20

- Developed and implemented the initial phase for the ambulance transport program to enhance EMS service delivery and add potential revenue
- Secured location and advanced tenant improvements for temporary fire station for use during Fire Station Two design and rebuild
- Deployed the four-person tractor drawn aerial truck
- Successful Joint Fire Academy between Milpitas Fire Department and Mountain View Fire Department
- Completed Fire Department Standards of Cover assessment to analyze risk, service delivery, deployment and performance of resources



Major Workplan Items

- Transition to Public Safety 700/800Mhz Interoperability Radio project (Go live date February 4, 2020)
- Replace Police Department Records Management System (RFP release estimated February 2020)
- Seek funding to procure Police/Fire/EOC Mobile Command Vehicle
- Transit Area Police Substation
- Expand Police Body Worn Camera program to include Community Service Officers and Detectives
- Implement Unmanned Aircraft System



Major Workplan Items

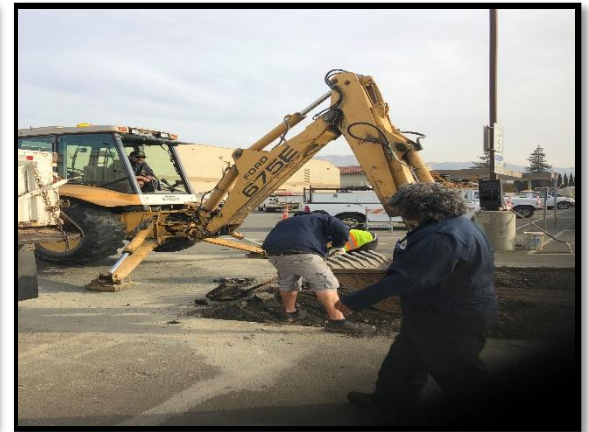
- Provide and promote a culture of employee safety, health and wellness
- Strengthen relationships with our community by implementing outreach, training, and processes that contribute to enhancing confidence, trust and understanding with Public Safety
- Update Public Safety technology and infrastructure to improve operations, improve service delivery, and maintain compliance with legal statutes and industry best practices
- Complete implementation of ambulance service delivery model for the City of Milpitas
- Analyze and implement recommendations included in the emergency management program assessment
- Work collaboratively with internal and external stakeholders to ensure that fire station #2 construction remains on schedule and on budget



Operational Constraints

- Police Department RMS: Identifying and implementing a product compatible with existing systems and legal requirements.
- Police/Fire/EOC Mobile Command Vehicle: Current vehicle does not provide resources to effectively deliver safety services
- Transit Area Police Substation: Options dependent upon TASP development and timelines
- Fire Administration, Operations, EMS/Training/Office of Emergency Services Divisions have ongoing workload capacity gaps that require Analyst and Administrative Chief Officer level FTE capacity to resolve
- Difficult to procure supplies and services in a timely manner
- Nearly 30% of fire department staffing have two years or less with Milpitas Fire Department





Community Services and Sustainable Infrastructure

Major Accomplishments FY 2019-20

- Awarded construction contracts for six CIP projects valued at \$7.8M
- Initiated 10 CIP projects with an estimated value of \$30M
- Initiated Master Plan Updates for Sewer, Water, Storm Drain utilities, Parks and Recreation, Milpitas Sports Center, and Bicycle, Pedestrian, and Trail facilities
- Launched Community Odor Monitoring Pilot Program and coordinated with BAAQMD on the implementation of their Regional Odor Study
- Completed critical infrastructure repair and rehabilitation projects, including pump and wet-well cleaning in preparation for the storm season
- Completed resiliency projects on key infrastructure in preparation for the PG&E Planned Public Safety Power Shutoff events



Major Accomplishments FY 2019-20

- Completed first enrollment period for the Milpitas Assistance Program
- Hosted over 24,000 people at 40 Citywide events and concerts
- Implemented the Milpitas Youth Force Summer Teen work program
- Hosted 3 mental health trainings in collaboration with the County
- Relaunched the MyMilpitas App and implemented new Computer Maintenance Management System to track work request in Public Works
- Implemented Vehicle Lease Program to green city fleet
- Initiated work with an Energy Services Company (ENGIE, Inc.)
- Worked with Finance to secure \$55 million in bond financing for critical water and sewer infrastructure projects



Major Workplan Items

- Complete bidding and start construction of Fire Station No. 2 Replacement
- Initiate 10 CIP projects valued at \$7.9M including projects for traffic calming and enhanced crosswalks
- Complete major infrastructure projects including implementation of the Odor Emissions Control Project at the Main Lift Pump Station and the installation of new pumps at various water pump stations
- Implement water pipeline flushing program using NO-DES truck to improve drinking water quality in the water distribution system
- Assess a Performing Arts Center with recommendations for size, location, uses, and funding options for City Council consideration
- Lead and implement sustained public outreach focused marketing plan for Milpitas HOPE (Suicide Prevention Task Force)



Major Workplan Items

- Issue RFP for Climate Action Plan Update and engage Council and the community in the update efforts
- Continue to implement the Milpitas Assistance Program and assess subsidy use levels and trends after two full enrollment cycles
- Develop the Alviso Adobe House Docent and Fieldtrip Program
- Work with ENGIE to obtain Council approval of Investment Grade Audit and begin implementation of energy conservation measures to achieve guaranteed energy/water savings and resiliency
- Implement tree planting program based on the recommendations from the City's Urban Forest Management Plan and explore Tree City USA recognition
- Update Recreation and Park fees



Operational Constraints

- Lack of dedicated revenue sources to fund major CIP infrastructure replacements for Storm Drain Infrastructure, Parks, and City Facilities
- Staff vacancies and turn-over constrains volume of work completed
- Impacts of new state mandates affecting underground utility locating
- Accessibility to accurate asset data and challenges with data and records management
- Development of modern standard operating policy/procedures – department and citywide
- Attraction and retention of qualified staff





Community Development

Major Accomplishments FY 2019-20

- Adopted housing assistance/tenant protection programs - Pilot Rent Relief Program, Rent Review Program, Just Cause Eviction Protection
- Issued 1,992 building, 1,300 fire, and 121 encroachment permits; conducted 1,479 construction inspections; approved or processing 226 planning applications (*July 1, 2019 to present*)
- Updated Building Codes to promote green development and streamline local amendments; updated Fire Codes with local amendments
- Implemented new fee structure/methodology for development permits
- Updated and improved permit turn-around times; streamlined permit reviews; implemented Engineering inspection schedule system
- Completed real estate transactions for City facilities and economic development
- Organized and launched workforce development initiatives - Manufacturing Day, student apprenticeship program



Major Accomplishments FY 2019-20

- Progressed on policy plans - General Plan Land Use Map, Calaveras Gateway/Main Street Specific Plan, Economic Development Strategy
- Continued activity on Transit Area Specific Plan – construction permits and inspections TASP Update consultant, Transit Area Development Impact Fee
- Adopted zoning amendments for accessory dwelling units, assembly uses, and massage businesses; recommendation on short-term rentals
- Conducted extensive community outreach meetings on policy plans, development applications, economic development, and housing partnerships
- Initiated Zoning Administrator hearing process; conducted Planning Commissioner training
- Selected six environmental consulting firms to conduct CEQA analysis
- Completed Green Infrastructure Plan as required by RWQCB



Major Workplan Items

- Continue to facilitate affordable housing production and preservation; create administrative guidelines for Affordable Housing Ordinance; participate in Housing Collaborative and RHNA process
- Continue to streamline and improve permit processes, performance measures, and development policies; implement new state laws
- Implement TrakIt Upgrade for permit tracking and processing, electronic plan review, enhanced GIS, and improved records management
- Implement Building, Reach and Fire Code updates
- Continue to work with VTA/BART on opening of Milpitas BART Station
- Continue implementation of FEMA/CRS Flood Insurance Program and completion of major flood control projects by Valley Water
- Fill staff vacancies, e.g. Principal Planner, Economic Development Specialist, GIS Technician, and Hazardous Materials and Fire Prevention Inspectors



Major Workplan Items

○ *Planning Our Future:*

- General Plan Update and certify EIR
- TASP and TADIF Updates
- Gateway/Main Street Specific Plan
- Short-term rentals ordinance
- SB2 Grant: objective design standards and streamlined review for multi-family housing and accessory dwelling units

○ *Strengthening Our Local Economy:*

- Economic Development Strategy
- Better Block community engagement event
- Pilot Façade Improvement Grant Program
- Small business resources workshops
- International Trade Program
- Digital Billboard Lease Agreement



Operational Constraints

- Staff vacancies and turnovers impact work plans, permit turn-around times, and operational improvements, and require training/transition period for new staff
- Changing or shifting priorities can create inefficiencies in completing staff work assignments
- Rushed or compressed deadlines can compromise thoroughness and quality of work products
- More cross-training of Permit Counter staff needed to respond to minor questions, maintain online records, and provide administrative support
- Enhanced GIS, permit tracking, productivity, and social media technology tools recommended to improve staff efficiency and customer service





Leadership and Support Services

Major Accomplishments FY 2019-20

- Secured \$20 million in Water and \$35 million in Sewer Revenue Bonds for Critical Infrastructure projects
- Published the first user friendly Budget in Brief
- Implemented SB 998 – Water Shut-Off Protection Act
- Issued the FY 2018-19 Comprehensive Annual Financial Report with an “Unqualified Opinion”
- Filled 47 Full Time Positions and 64 Part Time Positions
- Negotiated Successor MOU’s with two bargaining units
- Implemented all required mandatory training for all employees



Major Accomplishments FY 2019-20

- Developed an employee mentoring program and a professional development training program; anticipated launch in early 2020
- Implemented a new intranet site to connect employees and resources efficiently
- Completed virtualization of servers for more effective management, resilience, and cost savings
- Improved technology security and systems resilience through Endpoints Security Enhancement
- Prepared 35 City Council agendas, agenda packets and minutes



Major Workplan Items

- Develop and issue the FY 2020-21 Proposed Operating Budget
- Obtain Council approval to issue Lease Revenue Bonds for the Fire Station 2 Replacement
- Upgrade the City's Financial Technology System
- Streamline procurement technology and processes
- Complete citywide Communications Study
- Update and revise 23 Standard Operating Procedures
- Establish a robust risk management system
- Implement plan for unfunded Pension Liability



Major Workplan Items

- Kick Off Mentoring Program and Employee Training Program
- Negotiate Milpitas Employee Association Successor MOU
- Improve the Employee Onboarding process; modernize Personnel Rules and Regulations
- Implement notification system to ensure timely Performance Appraisals
- Implement electronic filing of FPCC required campaign reports
- Complete and begin implementation of IT Strategic Plan



Operational Constraints

- Inefficient procurement technology system and processes
- Retaining and attracting talented staff
- Outdated policies and procedures; lack of capacity to improve administrative systems
- Workload volume is not aligned with staffing capacity; especially with implementation of multiple technology systems
- Ability to send staff to training to keep them current is challenging due to workload and inadequate staffing



A photograph of a modern, curved building with a large glass facade and a fountain in the foreground. The building has a curved, multi-story structure with a mix of light-colored panels and large glass windows. The fountain in the foreground has several jets of water spraying upwards. The scene is captured during the day, with some trees visible on the left side.

COUNCIL PRIORITY AREAS REVIEW

Council Review

- Affirmation of Council Priority Areas
- Potential Additional Workplan items
 - Seek clarification to advance identified items (Today)
 - Determine preliminary work effort and costing (late Feb./early March)
 - Council prioritization via survey (mid-March)
 - Report on Council prioritization; incorporation of additional workplan items into the budget depending on funding availability and/or potential funding sources identified; and impact on current workplan, if any (Early May)



Council Priority Areas



Public Safety



**Economic Development
and Job Growth**



Environment



**Neighborhoods and
Housing**



**Transportation
and Transit**



**Community Wellness
and Open Space**



**Governance and
Administration**



Potential Workplan Items



- Police Substation
- Public Safety 911 Call Center Staffing



- Speed Enforcement Cameras
- Traffic calming including flashing beacons
- Renaming of Dixon Landing Road to Barack Obama Boulevard
- Green Bike Lanes



Discussion Items



- Pines Neighborhood Parking
- Potential vaping ban
- Dumpster days
- Union Pacific Railroad Quiet Zone



- Community Museum and Park
- Feasibility Study of Performing Arts Center



Discussion Items



- Supplementary third-party Employee Relations Services
- Social Media
- Proclamation and Commendation Process



A photograph of a modern, curved building with a large glass facade and a fountain in the foreground. The building has a curved, cylindrical design with a glass facade on the right side. The fountain in the foreground has several jets of water. The text "FISCAL POLICIES REVIEW" is overlaid on the image.

FISCAL POLICIES REVIEW

Water & Sewer Funds Reserve Policies

- Established Capital Reserve policies
- PERS Rate Stabilization Reserve/Contributions to a Section 115 Trust Fund
 - Currently only the General Fund has set aside funds to address the Pension Unfunded Actuarial Liability
- Rate Stabilization Reserve
 - Goal of maximum 2 months of budgeted operating expenditures
- Establish reserves gradually within the current rate increases



Vacancy Savings

- Due to turnover in staff, departments save personnel expenditures
- Vacancy savings are assumed in the General Fund budget
 - 3% of budgeted personnel costs
- Utilization of vacancy savings
 - Backfill of vacant positions with temporary staff or contract personnel
 - Purchase of supplies, equipment, or services
- Budget appropriation authorized at the fund and department level



Vacancy Savings – Policy Options

Policy Option	Operational Impact	Fiscal Impact
No Change in practice for utilization of personnel cost savings	<ul style="list-style-type: none">Flexible spending authority in accordance with existing Council policies	<ul style="list-style-type: none">None
Personnel Cost Savings can only be utilized for backfilling of staff	<ul style="list-style-type: none">Inefficient administrative systemCouncil approval to provide funding for one-time needsDelay the delivery of some services to our community	<ul style="list-style-type: none">Potential savings that will contribute to funds' ending fund balances
Utilization of all Personnel Cost Savings require Council approval	<ul style="list-style-type: none">Inefficient administrative systemCouncil approval for all actions – requires staff resources and takes time away from other prioritiesDelays the delivery of services to our community	<ul style="list-style-type: none">Potential savings that will contribute to funds' ending fund balances



A photograph of a modern, curved building with a glass facade and a fountain in the foreground. The building has a curved, cylindrical shape with a glass facade that reflects the surrounding environment. The foreground features a fountain with several water jets. The text "PUBLIC FORUM" is overlaid on the image.

PUBLIC FORUM

Concluding Remarks

- Stable fiscal outlook
- Status-Quo Budget
 - Focus on funding existing service levels
 - Address additional funding needs within existing resources consistent with Council priorities and community input
- Outstanding achievements from our departments
- Significant workplan items
- Will require prioritization of additional significant items



A photograph of a modern, curved building with a large glass facade and a fountain in the foreground. The building has a curved, cylindrical section with a glass facade that reflects the interior lights. The fountain in the foreground has several jets of water spraying upwards. The overall scene is illuminated by warm, golden light, suggesting sunset or sunrise.

CONCLUDING REMARKS

A photograph of the City of Milpitas building at dusk. The building is a modern, curved structure with large glass windows and a curved balcony. In the foreground, there is a fountain with several water jets. The sky is dark, and the building's interior lights are visible through the glass.

City of Milpitas

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